

VZCZCXRO5979
RR RUEH DU RUEHMR RUEHRN
DE RUEHLG #0040/01 0181130
ZNY CCCCC ZZH
R 181130Z JAN 08
FM AMEMBASSY LILONGWE
TO RUEHC/SECSTATE WASHDC 4978
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 0071
RUEHCN/AMCONSUL CHENGDU CH 0007
RUEHGZ/AMCONSUL GUANGZHOU 0015
RUEHHK/AMCONSUL HONG KONG 0023
RUESLE/AMCONSUL SHANGHAI CH 0008
RUEHSH/AMCONSUL SHENYANG CH 0006
RUEHIN/AIT TAIPEI 0042

C O N F I D E N T I A L SECTION 01 OF 02 LILONGWE 000040

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AF/S FOR ELIZABETH PELLETREAU

E.O. 12958: DECL: 01/18/2018

TAGS: [PREL](#) [PGOV](#) [TW](#) [CH](#) [MI](#)

SUBJECT: MALAWI RECOGNITION OF BEIJING ONE YEAR IN THE
MAKING

REF: LILONGWE 17

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Classified By: Ambassador Alan W. Eastham for Reasons 1.4 b, d.

11. (C) Summary: On January 14, Foreign Minister Joyce Banda officially announced Malawi's change of recognition from Taipei to Beijing. The announcement noted the establishment of diplomatic ties between Malawi and the People's Republic of China as of December 28, 2007. Formal Government approval of the switch came (belatedly) in a Jan. 14 cabinet meeting with the President. In a conversation with the Ambassador, Minister of Finance Goodall Gondwe commented that the decision to switch was a year in the making, and was driven largely by the President himself. Mutharika sought to maximize the potential financial windfall for Malawi by making the switch before potential Nationalist Party (KMT) victories in Taiwan's elections could improve cross-Straits relations and diminish Beijing's interest, Gondwe said. While there has been no official word on how much aid Beijing will supply, the effects of the departure of Taiwan are already being felt in Malawi. End Summary.

12. (C) On January 14, Foreign Minister Joyce Banda officially announced that the government of Malawi had decided to recognize the People's Republic of China (PRC) and had established formal diplomatic relations as of December 28, 2007. The announcement came immediately after the conclusion of President Mutharika's first cabinet meeting since the agreement was signed in Beijing.

13. (C) In a conversation with the Ambassador on January 16, Minister of Finance Goodall Gondwe confided that the decision to switch recognition from Taipei to Beijing had been almost a year in the making. Gondwe commented that President Mutharika was the driving force in the decision. Mutharika expected the potential aid package that China would offer to entice Malawi to switch could diminish if the KMT were to win upcoming elections. Malawi viewed a KMT government in Taipei as more likely to improve cross-Straits relations and lessen Beijing's desire to poach an out-spoken Taiwan supporter like Malawi. Negotiations took longer than expected, leading to the signed agreement on December 28, just before Taiwan's parliamentary elections. COMMENT: The discrepancy between the effective date and the announcement resulted, we believe, from insistence on Cabinet approval by those who opposed the switch. With President Mutharika on holiday at the lake, the

Cabinet meeting took some time to arrange. END COMMENT.

14. (C) News reports indicate that a PRC technical team is currently surveying development projects that the Taiwanese government will soon abandon in Malawi. Although there has been no official word on the amount of aid Beijing will supply, the effects of Taiwan's departure are already being felt in country. The Taiwanese contractor building the Karonga-Chitipa road in northern Malawi has already packed up its equipment and abandoned the project. Taiwanese Department of Health officials have also begun to dismantle their operations at Mzuzu Central Hospital, which could leave close to 5000 HIV patients without anti-retroviral treatment (ART) and significantly reduce other services at the tertiary referral hospital covering the entire northern region of Malawi. A Ministry of Health HIV unit director confided to CDC director that the HIV unit had not considered contingencies for the patients' treatment and Taiwanese Health officials asked the U.S mission and other donors to consider storing Taiwan's medical equipment and supplies. It's not clear what impact will be seen on the construction of Malawi's new National Assembly building, which has received significant Taiwanese support.

15. (C) Comment: Local reaction to the policy change has been broadly supportive, though some have expressed concern and surprise at the disrespect shown to Malawi's long-term friend in the process. At the same time, Malawi's opposition parties, the business community, and most elements of civil society seem to have accepted the move, even without knowing the details of the PRC incentive package. Malawi's delegation to Beijing to sign the agreement consisted of Minister of Presidential Affairs Davies Katsonga, Minister of Commerce and Industry Ken Lipenga, Minister of Transport Henry Mussa, Minister of Energy and Mines Henry Chimunthu-Banda, and the president's brother and newly

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announced "chief advisor" Dr. Peter Mutharika. These men appear to be among the closest advisors to the President at the moment. The absence of the foreign minister in the process was also noteworthy. Further, the lack of contingency planning for the handover of crucial Taiwan-supported projects such as the ART in Mzuzu show that the decision to switch to Beijing was not broadly consulted or systematically considered. Additional resource flows (whatever they turn out to be) appear to have been the sole factor in the decision. End Comment.
EASTHAM